

**NATIONAL PRESS CLUB**

**STATE OF THE COAST GUARD ADDRESS**

**WELCOME:**

**ROBERT S. BRANHAM,  
ASSISTANT COMMANDANT FOR RESOURCES,  
U.S. COAST GUARD**

**SPEAKER:**

**THAD ALLEN, COMMANDANT,  
U.S. COAST GUARD**

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REAR ADMIRAL STEVE BRANHAM: Good afternoon, everyone. Welcome to the 2008 State of the Coast Guard address. Thank you for coming here today. I'm Rear Admiral Steve Branham. I'm the Assistant Commandant for Resources and I'll be your master of ceremonies today. I'd ask you to please take this opportunity to silence your communicators. Thank you.

First, I'd like to recognize a few very important people here today starting with Congressman Mark Souder from Indiana; Mr. Bruce Miller, assistant to the vice president; Mr. Joel Bagnel, Acting Deputy Assistant to the President for Homeland Security; Mr. Paul Schneider, Acting Deputy Secretary, Department of Homeland Security; Mr. Rodney Slater, former Secretary of the Department of Transportation; Vice Admiral Vivian Crea, Vice Commandant, United States Coast Guard; General Robert Magnus, Assistant Commandant, United States Marine Corps; Vice Admiral John Morgan, Deputy CNO for Information, Plans, and Strategy; Mr. John Thackrah, Assistant Secretary of the Navy; Mr. Sean Connaughton, Administrator, MARAD; Mr. Michael McGrath, President, Navy League of the United States; Mrs. Ann Brengle, President, Coast Guard Foundation.

I would also like to recognize many partners here in the audience from the Department of Homeland Security, the Department of Defense, the Department of State, and industry. Thank you for being here today. Ladies and gentlemen, Admiral Allen is a man of purpose and conviction who acts with strategic intent. He has stated and truly believes that we must honor the past, but not operate in it. He is leading our service into the 21<sup>st</sup> century with long-range vision, steep in respect for our service, our people, and our legacy.

In honoring the past, we respect and act on our organizational genealogy. Each of us is a product of the opportunity presented by our past experiences. Those experiences, coupled with our future capability and capacity, will drive our future success in executing the Coast Guard's many missions. In that sense, Admiral Allen is the consummate transformational leader. His experience is broad and deep, his commitment to our service's future is immeasurable.

Think back to the first time that you met him. I'm sure each of you has a story. I can speak only of my own experiences observing him as our track lines crossed over the years. I first met him during his farewell party as operations officer aboard Coast Guard Cutter GALLATIN in 1977. I was a newly commissioned ensign with all of a few days of service, sitting across the table from a husky, gregarious, witty lieutenant. There was no question he had already earned respect and admiration as a strong leader. Little did I know then what the future held or the profound impact he would have on our service.

In the late '80s, I watched him as he worked at headquarters on the high-endurance cutter modernization project, the streamlining team, and in the programs division. Each of those duties showcased his reputation as a pragmatic problem solver already in full bloom. In 2000, we stood together on the ramp at Guantanamo Bay when he was the seventh district commander as he showed the Miami U.S. attorney the Coast Guard Cutter GALLATIN's cutting edge tool for stopping drug smugglers.

The first of our fleet of airborne use-of-force helicopters was already producing dramatic results. Now with three recent years of record drug seizures behind us, there is no question his vision for developing and expanding that capacity was dead on target. Today, I'm honored to serve him as we build a 21<sup>st</sup>-century Coast Guard, recapitalizing our aging assets like the 40-year-old Cutter GALLATIN and building the capacity and organizational structure we need to answer our nation's call now and well into the future.

As you are, I'm anxious to hear what he has to say. Please join me in welcoming the 23<sup>rd</sup> Commandant of the Coast Guard, Admiral Allen.

(Applause.)

ADMIRAL THAD ALLEN: Good afternoon. This is quite the venue. Well, I want to thank you all for coming here today, for what even in Washington has been a very strange weather week: nice and warm outside and everybody was slipping and sliding the last couple of days, but I appreciate you all being here. This is an important day for us, an important day for the Coast Guard, an important day for the Department of Homeland Security and all of our partners that we work with.

I'd like to take you back in time a little bit as we start our comments here this afternoon. A little more than 100 years ago, in 1904, the Revenue Cutter GRANT, on patrol in the straits of Juan de Fuca, with a mission to interdict illicit opium and Chinese migrants, made an historic innovation. The cutter conducted the first coordinated law enforcement operation with shore forces with the first time of the employment of wireless telegraphy from a vessel and a law enforcement or naval operation. The following year, in 1905, the Navy would erect its first shore radio station. In 1910, Congress would pass the first legislation requiring vessels carrying over 50 passengers to carry communications equipment.

It was a pretty heady time in this country. The new millennium had brought a focus on science, management, and technology that was unprecedented. Rear Admiral Stephen Evans, in his definitive history of the early Coast Guard wrote the following passage in 1949, which would be the year that I was born while my father was underway on the Coast Guard Cutter MINNETONKA:

"The whole world had been compressed abruptly into one compact community by 19<sup>th</sup>-century improvements in transportation and communication. Human reactions to this new condition of life by which every nation became, in effect, close neighbors of every other raged within the next century from a potential for catastrophe, dimly visible

through the flames of World War I and starkly clear in the glare of Hiroshima, to a potential for human progress beyond the bounds of imagination.”

One hundred years later, we stand on the cusp of a new millennium as well where the world is flat, virtual, and even more connected, where the existing social order and world order is being challenged and shaped by technology and where new, unimaginable threats to security lie before us. And, in fact, between the Spanish-American War and creation of the modern Coast Guard in 1915, the Revenue Cutter service faced extraordinary challenges: the transformation and modernization of the service; a new, unforeseen mission following the sinking of the Titanic; the International Ice Patrol, a mission that continues today; preparation for a likely war with Germany; and pressure from Congress.

An historian noted at the time, “Notwithstanding long-term upward trends of prices and gradual increases in the service workload, both of which acted to raise Cutter operating costs, the House seldom permitted annual appropriations for the Cutter branch to top \$2 million, including funds for new construction.” Some things never change. (Laughter.)

Life and modernization was a struggle. In 1897, the service had eight high-endurance Cutters, which were characterized as small, underpowered, and old. And the average age was 18 years. By 1915, there were 23 high-endurance cutters and the average age was 14 years. And they were described as better designed, better built, and technologically more advanced. Well, I can report to you today, we have 12 high-endurance Cutters and the average age of our fleet is 35 years. The oldest Cutter is the ACUSHNET, 64 years, five years older than I am.

But my task here today is to honor the past, not dwell in it. And this week, we conducted sea trials for the first national security cutter, the BERTHOLF, our Silver Ancient Mariner; that’s the most senior enlisted person with the cuttermen’s pin in the service. Gunners Mate Senior Chief Chris Kukla was aboard for the entire trial. He passed the following message:

“It was quite apparent when embarking BERTHOLF that the ‘Old Guard’ era has obviously come and gone. Having sailed on almost every class of cutter in my career, this by far exceeded my wildest expectations. Crew’s berthing, handling of the ship, the way she rides are all top notch. At 29 knots if you’re not outside the skin of the ship, you wouldn’t even know you were underway. All I can say at this point is I am impressed almost to the point of being awe struck. Being allowed to fire the first five-round salvo from the Coast Guard’s newest weapon system aboard the Coast Guard’s newest cutter was an honor.”

Folks, that’s high praise and that’s a Senior Chief, not a French judge. (Laughter.) As Senior Chief Kukla alludes to, we must honor the past. We must not operate in it. I’ll have more to say on our DEEPWATER program and acquisition enterprise later, but let us suffice to say, what a difference a year makes.

Now, I'm very happy to be here today to address the state of the Coast Guard. With the appropriations provided in the fiscal year 2008 omnibus appropriation and congressional approval of the President's fiscal-year budget for 2009, which you have before you here today summarized in the Posture Statement, the Coast Guard is leaning forward, poised to meet the demands of our new millennium as Revenue Cutter service was 100 years ago. We are prepared to adapt in order to ensure the safety, security, and stewardship of this nation and the world's maritime commons. We are at an inflection point in our nation's history and the Coast Guard's. The challenges of my era, which is rapidly coming to a close, shaped our service, helped create core values, but they are ending.

From our virtual invisibility during the Cold War, the Coast Guard has methodically transformed itself into a unique instrument of national security through experience and the acquisition of new competencies. Much of what has been accomplished, however, is through the genius of our people. But there is a limit to what any organization can accomplish when the overall end strength has not changed materially in 50 years. Past successes don't guarantee future performance. We should honor my past; we should not operate in it.

The spectrum of hazards, threats, and challenges that we face today continues to grow and demand even more of us. We face evolving transnational threats and illegal immigration and drug trafficking. Despite record cocaine seizures this last year, we are encountering more sophisticated narcotics smugglers using self-propelled, semi-submersible vehicles capable of carrying tons of cocaine. And, at the same time, brazen human traffickers with no regard for human life threaten our boat crews and their own human cargo. Population density of coastal regions and more radical weather patterns increase risk from summer hurricanes and West Coast winter storms. Water has replaced ice in areas of the Arctic and we must be able to execute our missions in high latitudes.

With our sister services, we face an era of persistent conflict and a global war on terror. We defend the oil platforms of the northern Arabian Gulf, help the Coast Guards around the world: create them, build them, sustain them, and beyond the traditional reach of military engagement, reach out to numerous ministries, agencies, and departments in foreign countries. We face a fast-growing maritime transportation system of more than 20,000 U.S. and foreign vessels that conduct over \$800 billion worth of trade annually.

Fundamental shifts in technology require us to think and act differently. Liquefied natural gas, offshore oil and gas exploration, the ever-increasing size of cruise ships, and an expanding coastal inland towing-vessel industry create new and unique safety and security challenges. We continue to grow and mature as a member of the intelligence community. We need to secure the Coast Guard's cyberspace and leverage our multiple roles as an armed force, law-enforcement agency, and member of the intelligence community to support the efforts of the Director of National Intelligence, Department of Defense, and the Department of Homeland Security.

Taken individually, these threats and opportunities challenge us programmatically and place demands on our capabilities and competencies. But collectively, these conditions together, with the need to improve our legacy business systems and practices have created what I have called a cause for action. A cause for action to create; a Coast Guard that can effectively meet the mission demands of the 21<sup>st</sup> century with hardware and human-ware that is flexible, agile, and adaptable. A Coast Guard that is more sensitive and responsive to changes in the world and demand signals for our missions. A Coast Guard that is structured internally to focus on mission execution and the support required to execute the mission. And a Coast Guard that recognizes we face these challenges in an environment of glaring oversight and zero tolerance for failure.

And as we accept this cause for action and move forward, we also must recognize the following. We operate one of the oldest fleets in the world with a workforce that is not appreciably any bigger than it was when I entered the service. Our shore infrastructure is aging. Our inland buoy tender fleet is being extended beyond its service life. And of the three U.S. polar icebreakers, two are in need of extensive repair or replacement.

As I noted earlier, many of our internal backroom business processes are outdated, overtaken by new business practices and information technology, or require new, different skills and competencies. Specifically, I'm referring to our financial logistics, maintenance and human resource systems. Further, our acquisition organization until recently was not properly structured or staffed to acquire the complex systems needed to replace our aging assets.

These are significant challenges, to be sure. But as I stated last year in this forum, and I reaffirm today, I am committed to build a Coast Guard for the 21<sup>st</sup> century today, in my time, on my watch. We are beginning to recapitalize our fleet and shore infrastructure, as reflected in our current appropriations in the fiscal year 2009 request before you.

As I noted earlier, the National Security Cutter continues pre-delivery trials and we intend to use the Navy INSURV board for acceptance trials later this spring. Our new HC-144 maritime patrol aircraft is nearing completion of developmental tests and evaluation of its impressive sensor system. And the missionization of our C-130J is nearly complete. Later this spring we will award a contract for a new patrol boat, our fast-response cutter; that has been openly competed. And tomorrow we will receive the Alternatives Analysis report, a thorough, independent review of our asset procurement plans and options for the future. Full-rate production of Rescue-21, our distress and calling system, proceeds. And we're moving towards full production of our new Response Boat Medium. That said, to support further recapitalization and our needs in the future, especially in regard to our aids to navigation fleet, ice breakers and shore stations, more funding will be needed.

We are modernizing our organizational structure to focus on mission execution, including better command and control, lifecycle support of our assets, and fiscal

accountability. This is hard. It requires difficult trade-offs and flexibility. For example, we struggle to maintain a legacy fleet to conduct current operations while we have at the same time embarked on a multi-year effort to transform our financial systems to comply with more stringent financial accounting standards that produce auditable books, a tall order.

We are moving to create a new organizational structure for the future. Last year, we submitted a proposal to Congress to redefine senior leadership positions, to support our focus on mission execution and mission support. We are anxious to see these provisions approved in this Congress and appreciate the support of our Authorizing Committees in making this happen.

We intend to merge our Pacific and Atlantic area commands into a single Coast Guard operations command, and establish a force-readiness command to better support the fleet while ensuring standardization and doctrine development. We will also reorganize and streamline our headquarters by creating two Deputy Commandant positions, one focused on operations and one focused on mission support. Last July, we created a new command to consolidate all of our specially trained, deployable forces under the Deployable Operations Group, the DOG. This single echelon of command is now responsible for training and deploying all specially trained and equipped Coast Guard forces capable of being deployed anywhere in the world to prevent or respond to safety, security, or environmental protection missions. The mission support organization will integrate our acquisition logistics and maintenance functions, and introduce a uniform, bi-level logistics system of maintenance for the service.

We have made significant progress in the last year in the consolidation of our acquisition organization and the shift of the DEEPWATER lead system integrator responsibilities to the Coast Guard. As I've said many times, I am very pleased where we're at with DEEPWATER; as I said, we are not out of the woods but we are chopping trees. I've also proposed to increase the grade of the Vice Commandant to four-star Admiral to achieve parity with the other armed forces.

The assets we are replacing, the organizational changes that are underway, and the clear need to do more are not happening in a strategic vacuum. We have resisted being taken captive by the tyranny of the present that pervades much of our work here in Washington. At this time last year I unveiled the Coast Guard Strategy for Maritime Safety, Security and Stewardship. This strategy focuses on maritime governing regimes, maritime domain awareness, and operational capabilities and partnerships. The strategy has been the overarching context by which we have identified legislative and resourcing priorities contained in the budget you have today.

We have, in turn, used that strategy to expand the close working relationship we enjoy with the Navy and Marine Corps. Last year, we took an historic step when we jointly issued a Cooperative Strategy for 21<sup>st</sup>-Century Seapower. Like our own maritime strategy, the new strategy reflects not only the global reach of our military sea services

but the need to integrate and synchronize our collective capabilities with our friends and allies to prevent wars, protect the homeland, and prevail in our conflict.

In December, I testified before the House Armed Services Committee beside my sea service partners, Chief of Naval Operations Gary Roughead and Commandant of the Marine Corps Jim Conway. We in the Coast Guard are committed to collaborate and give life and effect to this strategy.

To our international partnerships, the Coast Guard brings unique value to this collaboration. Internationally we build relationships that might not otherwise be possible. Eight years ago, we established something called the North Pacific Coast Guard forum. This was at the behest of our neighbors in the Pacific Rim, most notably Japan. The North Pacific Coast Guard forum involves the United States, Canada, Russia, Japan, South Korea and China. This year, we met in St. Petersburg with the Russians hosting. These collaborations offer a low barrier to entry with a low overhead organizational structure. We are able to coordinate operations based on shared interest in fisheries, search and rescue, environmental protection, and law enforcement.

Last summer, operating with a Chinese ship rider, using maritime patrol aircraft from three different countries, we were able to see six trawlers engaged in illegal, unreported fishing. We also provided advisors to assist South Korea in their catastrophic oil spill. This last fall, we inaugurated a North Atlantic Coast Guard Forum based on the success of the Pacific one. It is a little different, more complex, 18 countries participating, but based on the same shared interest and shared commitment to enhance global safety and security.

Closer to home, we are working with the Department of Homeland Security and the small-vessel community to develop a comprehensive small-vessel safety and security strategy. Our goal is to enhance both the safety and security of recreational and uninspected commercial vessel owners and operators. We have also initiated a dialogue at the International Maritime Organization regarding the status of vessels below the threshold for international regulation.

We value our domestic partnerships as well. We have recently reviewed our current operating programs and stakeholder relationships with the maritime community. I have clearly stated the Coast Guard's longstanding commitment to honoring and serving professional mariners. My plan to enhance the Coast Guard marine safety program that is contained in the fiscal 2009 budget is a reflection of that commitment.

Let me be clear here: I have received extensive counseling regarding the future of the marine safety program. But it is the Coast Guard that is putting people and money on the table. We are adding maritime inspector positions, planning Centers of Excellence that will leverage our skills with those of the maritime industry and making other program enhancements intended to improve customer service and restore balance in our marine safety program.



Last week, I met with representatives of the maritime industry at Coast Guard headquarters for what I hope will be the first of many maritime industry forums. I'm initiating these meetings to facilitate discussion and dialogue on a broad range of marine safety matters. I will continue to hold these meetings as we move forward so that the Coast Guard's planned enhancements are both effective and responsive to the needs of industry and its professional mariners. It is also clear that the internal Coast Guard rulemaking process must be streamlined and properly resourced to address the extensive backlog of regulatory projects that have been created since 9/11.

So in assessing the state of the Coast Guard, I am very pleased with the progress we made across the board with recapitalization, modernization, and our maritime strategy. We are far away from where we were 100 years ago or even when I entered the service. However, creating a new Coast Guard for a new millennium is a process that requires long-term commitment. It is not static. The work we are doing now is merely a down payment on the future, the next 50 years.

To secure that future, we must do the following: Beyond modernization and transformation, we must create a change-centric Coast Guard, one in which we don't wait for the next cause for action to precipitate an organizational change. That is managing by lagging indicators.

There are three key components here. First, we must continually assess our environment and discern changes and demand signals for our missions.

Second, we must have an adequate, predictable capital investment plan that is executed through a permanent, professional acquisition organization. And we are on our way to doing that. But I hope that we have moved beyond the point where the mere need to replace an aging asset in the Coast Guard becomes a referendum on the operating program of why we even need a Coast Guard. That time is over.

Third, we must build the workforce with the competencies required to operate a change-centric organization and execute our missions. At the same time, we will continue to be a strong partner and component in the Department of Homeland Security. We have made great progress together as we approach our fifth anniversary, and I'm glad to see our partners are here today. We have great partnerships also with the Department of Transportation, Drug Enforcement Administration, our friends in MARAD and the National Transportation Safety Board. We look forward to the future and moving on together.

I had the honor recently to speak at a ceremony dedicating the new Coast Guard memorial to war veterans of the Pacific at the Punchbowl National Cemetery in Hawaii. The event was attended by a number of distinguished Coast Guard veterans – World War II, Korea, and Vietnam, including my father, a World War II veteran. His generation has been called the greatest generation. They brought our nation back from the abyss and they literally saved the world. But we now have another great generation among us, the young men and women who serve today. I have never seen a brighter, more qualified,

dedicated, and effective force in my 37-year career. They remind us to look forward, to honor the past, but to operate in the future.

And my final comment is about what we owe this new generation. I have seen my service labor under the inferred motto, do more with less, for my lifetime in the service. The fact of the matter is, there is a limit to what this Coast Guard can do with a workforce that has not changed in 50 years except to be reduced on occasion. At some point, after all the reorganization and modernization efforts are considered, we need to take the next step and consider the size of our workforce.

I recently raised the question, if an active-duty Coast Guard that can fit in the new Nationals stadium is large enough for the tasks I've enumerated here today. And I raise it here again today. I urge the Congress to appropriate the full amount requested in the fiscal year 2009 budget. I look forward to discussing critical staffing needs for the future. That is what I owe this generation. And if you had any doubts about who is guarding your coasts, I would invite you to watch this video. Do I need to get out of the way?

(Video segment.)

Our thanks to Bob Seeger and the Silver Bullet Band. All hazards, all threats, always ready. Thank you.

(Applause.)

RADM BRANHAM: Thank you one and all for coming here today. Admiral Allen will be available for a brief press conference at this time. And if you would all join us in the adjoining hall for refreshments, we'd be glad to see you there. Thank you.

(END)